

CONTENT AREA

Standard Short-Term Disability (STD)

ISSUE/QUESTION

An employee, while on Leave Without Pay (LWOP) and receiving STD benefits, receives a waiver of her STD premiums. Her STD benefits end. Should the employee (1) resume paying her STD insurance premiums although she is still on LWOP or should she (2) cancel her STD coverage and re-enroll when she returns to work?

ANSWER

The answer, to this question, depends on a number of factors.

- If the employee received the maximum 26-week STD benefits coverage while she was on LWOP, she should cancel her STD coverage effective the end of the 26-week coverage period and re-enroll upon her return to work.
- If, on the other hand, the employee did not receive the maximum 26-week STD benefits coverage while she was on approved LWOP, she has two options:
 - 1) She may resume paying her STD insurance premiums and, thereby continue her STD coverage. This would make her eligible for STD benefits, for up to 26 weeks, in the event of a second disability while she is still on an approved LWOP, provided that Standard approves the claim for the second disability.
 - 2) She may cancel her STD coverage, in which case she would not be eligible for STD benefits should she experience a second disability while she is on approved LWOP.

Should she cancel her coverage, she may re-enroll for STD coverage upon her return to work.

Should she return to work but fail to re-enroll within 31 days of her return to work, she may not re-enroll until the next open enrollment period, in which case she would then be subject to a 60-day waiting period for STD benefits.

AUTHORITY

Standard Insurance Group Policy Effective October 1, 1996
Arizona Administrative Code R2-5-414 Leave Without Pay
United States Code Title 26 – Tax Treatment of Cafeteria Plans

ISSUED

July 8, 2003